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Economic and Social Commission for Asia and the Pacific
Committee on Trade and Investment

Fifth session
Bangkok, 31 October–2 November 2017
Agenda item 11
Adoption of the report

Draft report

I. Matters calling for action by the Commission or brought to its attention

A. Matters calling for action

1. The following recommendations and requests of the Committee on Trade and Investment are brought to the attention of the Economic and Social Commission for Asia and the Pacific (ESCAP) for its consideration and possible action:

(a) The Committee calls on the secretariat to continue providing technical assistance to countries with special needs (least developed countries, landlocked developing countries and small island developing States) in the area of trade and trade facilitation;

(b) The Committee requests the secretariat to provide assistance in promoting foreign direct investment (FDI) for sustainable development and in developing the green economy, including by developing special economic zones and improving the capacity of countries to negotiate deep free trade agreements, including investment and services chapters;

(c) The Committee recommends that the secretariat undertake its work in trade and investment in coordination with other relevant multilateral and regional agencies;

(d) The Committee recommends that the secretariat deepen and strengthen its engagement of the business sector in efforts to achieve the 2030 Agenda for Sustainable Development, and recognizes the ESCAP Sustainable Business Network and the Asia-Pacific Business Forum as established mechanisms for that purpose.

B. Matters brought to the attention of the Commission

2. The Committee generally endorses the findings and recommendations contained in *Asia-Pacific Trade and Investment Report 2017: Channelling Trade and Investment into Sustainable Development*[1] and the pre-session documents.

[1] United Nations publication, Sales No. E.17.II.F.22.

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II. Proceedings

A. Asia-Pacific Trade and Investment Report 2017:

(a) Review of recent trends and developments
(b) Channelling trade and investment into sustainable development
(Agenda item 4)

3. The Committee had before it the *Asia-Pacific Trade and Investment Report 2017: Channelling Trade and Investment into Sustainable Development* and the note by the secretariat on the summary of the *Asia-Pacific Trade and Investment Report 2017* (E/ESCAP/CTI(5)/1).

4. The Committee benefited from a panel discussion on the theme topic of the *Report*, "Channelling trade and investment into sustainable development". The panel comprised Mr. Arjuna Sujeewa Senasinghe, State Minister of International Trade, Ministry of Development Strategies and International Trade, Sri Lanka; Mr. Swarnim Wagle, Vice-Chairman, National Planning Commission, Nepal; Mr. Pedro Eloy, Director and Senior Vice-President, Digital and Information Technology, Fung Holdings, and Chair, Young Entrepreneurs Task Force, ESCAP Sustainable Business Network; Mr. Paul Baker, Chief Executive and founder, International Economics Consulting Limited, and adviser to the Asia-Pacific Research and Training Network on Trade. The panel discussion was moderated by the Executive Secretary.

5. The main observations and conclusions resulting from the panel discussion are given in the following paragraphs.

6. Inclusive participation, political stability, policy and regulatory transparency, rule of law, zero tolerance for corruption, the reduction of carbon emissions and the promotion of renewable energy were important prerequisites for channelling trade and investment into sustainable development.

7. The promotion of regional connectivity, in particular in transport and energy, and the forging of a proper balance between multilateral, regional and bilateral trade agreements provided essential foundations for countries to promote their international trade.

8. Trade and investment, which were mutually reinforcing, needed to be strengthened in tandem, including through the proper sequencing of relevant policies.

9. Landlocked developing countries faced particular challenges to effectively participate in international trade, such as lack of effective access to ports, large distance from markets and often a lack of proper infrastructure in neighbouring transit countries. For that purpose, they needed to reduce trade costs and take other trade facilitation measures, invest in physical and digital infrastructure, and deregulate services related to the digital economy. In addition, they needed to effectively participate in regional cooperation mechanisms.

10. The promotion of the effective participation of small and medium-sized enterprises in international trade and global value chains would contribute to inclusive trade. For that purpose, countries could reduce trade distortions such as non-tariff measures, improve the enabling environment for small and medium-sized enterprises, improve market access for small and medium-sized enterprises, facilitate their access to finance and credit such as matching funds

and fintech, develop industrial and special economic zones and raise their supply-side capacity.

11. In particular, fintech and e-commerce were catalysing trade and investment, provided opportunities for start-ups and helped small and medium-sized enterprises to link with global markets. Governments must support fintech and e-commerce by adopting appropriate supporting regulations and improve cybersecurity.

12. Youth were both drivers and learners of new technologies and innovation. They were enablers of big data and fintech solutions such as e-payments. It was usually youth who managed start-ups and small and medium-sized enterprises, and they had a good understanding of the digital economy, therefore providing strong support for big business.

13. In that regard, there was a need for an inclusive framework for young entrepreneurs, and Governments should actively support them, in particular women entrepreneurs, who were often neglected. On a basic level, such support included promoting gender balance and reducing gender bias in society and the economy at large, then ensuring an enabling business environment for women entrepreneurs and raising their capacity through appropriate training.

14. Better sustainability indicators must be developed and more precise definitions of sustainability concepts adopted in order to properly measure and monitor the impact of trade and investment and related agreements on inclusive and sustainable development. It was often a challenge to collect the relevant data for such indicators.

15. Representatives of the following members and associate members made statements: China; India; and Russian Federation. The statements were combined with those made under agenda item 5, and are summarized under that item.

B. Reviewing the role of trade and trade policy as drivers of regional integration and prosperity in an era of economic uncertainty

(Agenda item 5)

16. The Committee had before it the note by the secretariat on reviewing the role of trade and trade policy as drivers of regional integration and prosperity in an era of economic uncertainty (E/ESCAP/CTI(5)/2).

17. Representatives of the following members and associate members made statements: China; India; Japan; Russian Federation; and Sri Lanka. The representative of the United Nations Commission on International Trade Law (UNCITRAL) also made a statement.

18. The Committee recognized that trade and investment were engines of growth and important means of implementation of the Sustainable Development Goals. In that regard, the Committee emphasized the importance of an open and fair trading environment in Asia and the Pacific and that trade protectionism should be avoided in all its forms. In particular, one country representative noted that unilateral politically motivated trade and investment restrictions should be avoided.

19. One country representative reaffirmed the importance of Sustainable Development Goal 17 (Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development), in particular the promotion of an equitable trading system and level playing field to ensure that

developing countries were better integrated into the global trading system, including by increasing the share of global exports from least developed countries and providing those countries with duty-free and quota-free access to developed-country markets.

20. The Committee took the view that regional connectivity initiatives must be based on universally recognized international norms, good governance, rule of law, openness, transparency and quality. One country representative emphasized the need to pursue connectivity efforts in a manner that respected sovereignty and territorial integrity.

21. The Committee agreed that relations between Governments and the private sector should be strengthened and that trade restrictions and transport bottlenecks for private sector trade and investment should be reduced.

22. One country representative observed that a focus on environmental goods and services should not result in discrimination against trade in other goods.

23. The Committee agreed that strengthening subregional and regional cooperation was important for trade and investment. The representative of China pointed out the benefits of the Belt and Road Initiative for regional cooperation and integration that would also promote trade and investment, and informed the Committee of the various events organized by China for that purpose.

24. The representative of Sri Lanka noted the importance of UNCITRAL in harmonizing trade laws and regulations of his country. The representative of China recommended that UNCITRAL should continue to play a role in strengthening and harmonizing trade laws and regulations, including in the context of the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific.

C. Promoting trade facilitation, paperless trade and electronic commerce for achieving the Sustainable Development Goals

(Agenda item 6)

25. The Committee had before it the note by the secretariat on promoting trade facilitation, paperless trade and electronic commerce for achieving the Sustainable Development Goals (E/ESCAP/CTI(5)/3).

26. Representatives of the following members and associate members made statements: Bhutan; China; Iran (Islamic Republic of); Mongolia; Pakistan; and Viet Nam.

27. The representative of UNCITRAL also made a statement.

28. One country representative noted the challenges encountered in trade policymaking, including the diversification of the economy away from dependence on natural resources because of uncertainties in international trade deriving from such phenomena as rising protectionism and antiglobalization; the high growth rate of emerging digital technologies and social media; the need for mainstreaming of sustainability into trade policy and business strategies; the expansion of standards to include social and environmental standards; reduced margins of tariff preferences under preferential trade agreements; the rapid growth of start-ups; the promotion of inclusive trade, including participation of women and young people; and the need for

innovation in trade promotion. The representative called on ESCAP to organize a forum, possibly in Tehran, to discuss those challenges.

29. Two country representatives called on member States to sign and ratify the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific.

30. Two country representatives noted the signing of the Framework Agreement by some ESCAP member States, and that, while the representatives supported the promotion of paperless trade and e-commerce, its implementation should be supported by extrabudgetary means.

31. The Committee noted the importance of trade and trade facilitation for developing countries and, in that context, was informed of the policies and efforts of Bhutan, China, Mongolia and Pakistan.

32. The representative of Mongolia commended the secretariat for its study on paperless trade and electronic commerce in that country and the organization of a joint consultation on the subject. The representative also expressed his appreciation to the secretariat for the support received on capacity-building for the negotiation of free trade agreements and looked forward to continuing to receive assistance in that area.

D. Investment and enterprise development for sustainable development (Agenda item 7)

33. The Committee had before it the *Handbook on Policies, Promotion and Facilitation of Foreign Direct Investment for Sustainable Development in Asia and the Pacific*[2] and the note by the secretariat on investment and enterprise development for sustainable development (E/ESCAP/CTI(5)/4).

34. Following an introduction by the secretariat, a panel discussion was held on promoting and facilitating FDI for sustainable development. The panel was moderated by the Chief of the Investment and Enterprise Development Section of the Trade, Investment and Innovation Division of ESCAP.

35. The panel comprised Ms. Bussarakum Sriratana, Executive Director, International Affairs Division, Office of the Board of Investment, Thailand; Mr. Nuradil Baiasov, Head, Investment Projects Promotion Division, State Agency for Investment and Export Promotion, Ministry of Economy, Kyrgyzstan; and Mr. Julien Chaisse, Professor and Director, Centre for Financial Regulation and Economic Development, Faculty of Law, Chinese University of Hong Kong.

36. Representatives of the following members and associate members made statements in conjunction with the panel: Bangladesh; China; Iran (Islamic Republic of); Kyrgyzstan; Mongolia; Papua New Guinea; and Thailand.

37. The main observations and conclusions resulting from the panel discussion are given in the following paragraphs.

38. FDI had generally played an important role in triggering economic growth in many developing countries. FDI should benefit not only investors but also the host country economy and people and contribute to the Sustainable Development Goals.

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[2] ST/ESCAP/2786.

39. The establishment of advanced infrastructure, including airports, ports, roads and railroads, was important for attracting FDI in specific locations. However, equally important were the development of cities, education and the provision of skilled labour.

40. Special economic zones could play an important role in providing advanced infrastructure for investors and in forging economic linkages with neighbouring countries but should be sustainable and provide essential social services to communities living in those zones.

41. In that context, establishing an enabling environment for business and investment was essential for attracting investment, including reducing business regulations and using attractive tax rates, while strengthening the social and environmental responsibility of investors.

42. Membership in the World Trade Organization, participation in regional cooperation initiatives and the development of transit infrastructure were important for landlocked developing countries that wanted to attract FDI.

43. International investment agreements had evolved from focusing on investment protection towards covering investment liberalization and an increasing emphasis on sustainability, including a review of investor-state dispute settlement mechanisms and procedures, and investment facilitation.

44. In that regard, investment facilitation had emerged as an essential component of general investment promotion, including the establishment of ombudsman services and other mechanisms to deal with investor issues and concerns which helped to reduce investor-state disputes.

45. Investment facilitation also included promoting government-investor dialogues and improving dialogues and coordination among government entities and ministries at the national and regional levels.

46. Identifying the proper model and type of FDI was also important for specific industries and meeting development objectives. In that regard, there was a need to target specific investors in identified priority areas.

47. Public-private partnership contracts, including those involving foreign investors, needed to be improved both in terms of coverage and design, including provisions for dispute settlement.

48. ESCAP could promote the sharing of best practices in promoting FDI for sustainable development with a view to promoting convergence among countries. ESCAP should also strengthen cooperation with UNCITRAL and other agencies in the area of investment. ESCAP could also develop model investment treaties and agreements or provide options.

49. One country representative noted that the evaluation of intangible assets of foreign investment was a challenge for many countries in promoting sustainability and requested the secretariat to organize workshops on that issue.

50. One country representative observed that countries should increasingly adopt self-financing mechanisms by formulating proper fiscal policies and establishing public-private partnerships and regional banks, such as the New Development Bank established by Brazil, China, India, the Russian Federation and South Africa.

E. Consideration of the future focus of the trade and investment subprogramme
(Agenda item 8)

(a) Proposed strategic framework for the period 2020–2021

51. The Director of the Trade, Investment and Innovation Division introduced the future work of the secretariat in trade and investment. She informed the Committee that the work of the Division had been expanded to include technology and innovation. She further stated that the Division was undergoing restructuring in order to enable it to support the following workstreams in an integrated manner: trade policy formulation and impacts; trade facilitation and paperless trade; promotion and facilitation of FDI; deep regional cooperation and integration agreements; enterprise development, including promoting women's and youth entrepreneurship and linking small and medium-sized enterprises with the global and regional economy; impact investment and responsible business promotion; technology dissemination facilitation; social innovation and inclusive technology policy; and digitalization of trade, including, in particular regulatory and impact assessment of e-commerce and other dimensions of digital trade. The Division was working to enhance the linkages of those workstreams with sustainable development.

52. A Programme Officer of the Strategy and Programme Management Division made a presentation on the preparations for the strategic framework for the period 2020–2021, which depended on the adoption by States Members of the United Nations of the reform proposals of the Secretary-General on the preparations of such frameworks.

53. The representative of Myanmar made a statement and expressed her appreciation to the secretariat for the technical assistance provided to her country and looked forward to continued assistance.

(b) Private sector engagement

54. The Committee had before it a note by the secretariat entitled "Effectively engaging the business sector in achieving the sustainable development agenda: the role of the ESCAP Sustainable Business Network and the Asia-Pacific Business Forum" (E/ESCAP/CTI(5)/5).

55. Ms. Barbara Meynert, Senior Adviser of Fung Group, delivered a statement on behalf of the ESCAP Business Advisory Council and the ESCAP Sustainable Business Network.

56. The representative of Japan made a statement and expressed his appreciation for the work of the ESCAP Business Advisory Council and the ESCAP Sustainable Business Network and agreed that it was appropriate that their work should be reported to the Committee. The representative emphasized that the work of those mechanisms should be self-funded on the basis of membership fees and private sector sponsorships.

F. Consideration of draft resolutions for submission to the Commission at its seventy-fourth session
(Agenda item 9)

57. No draft resolutions were considered by the Committee.

G. Other matters
(Agenda item 10)

58. No other matters were discussed.

H. Adoption of the report
(Agenda item 11)

59. The Committee adopted the present report on 2 November 2017.

III. Organization

A. Opening, duration and organization of the session

60. The Committee held its fifth session in Bangkok from 31 October to 2 November 2017.

61. The Executive Secretary of ESCAP delivered a welcoming address.

62. Mr. Winichai Chaemchaeng, the Vice-Minister of Commerce, Ministry of Commerce, Thailand, delivered the inaugural address.

63. The Executive Secretary of ESCAP presented copies of the *Asia-Pacific Trade and Investment Report 2017: Channelling Trade and Investment into Sustainable Development.*

B. Attendance

64. The Committee session was attended by representatives of the following members and associate members: Australia; Bangladesh; Bhutan; Brunei Darussalam; Cambodia; China; India; Indonesia; Iran (Islamic Republic of); Japan; Kazakhstan; Kyrgyzstan; Lao People's Democratic Republic; Macao, China; Malaysia; Mongolia; Myanmar; Nepal; Pakistan; Papua New Guinea; Philippines; Republic of Korea; Russian Federation; Solomon Islands; Sri Lanka; Thailand; Tonga; Turkmenistan; United Kingdom of Great Britain and Northern Ireland; Uzbekistan; and Viet Nam.

65. Representatives of the following Permanent Observers to ESCAP attended: Hungary; and Switzerland.

66. Representatives of the following United Nations bodies, funds and specialized agencies attended: UNCITRAL; United Nations Environment Programme; and United Nations Industrial Development Organization.

67. Representatives of the following intergovernmental organizations attended: Asian Development Bank; Association of Natural Rubber Producing Countries; European Union; and Organization for Economic Cooperation and Development.

68. Representatives of the following non-governmental organizations and other entities attended: World Association for Small and Medium Enterprises; and International Institute for Trade and Development.

69. Five special guests and seven observers also attended.

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C. Election of officers

70. The following officers were elected:

Chair:	Mr. Swarnim Wagle (Nepal)
Vice-Chairs:	Mr. Arjuna Sujeewa Senasinghe (Sri Lanka) Mr. Enkhbold Vorshilov (Mongolia)

D. Agenda

71. The Committee adopted the following agenda:

1. Opening of the session.
2. Election of the bureau.
3. Adoption of the agenda.
4. Asia-Pacific Trade and Investment Report 2017:
   (a) Review of recent trends and developments;
   (b) Channelling trade and investment into sustainable development.
5. Reviewing the role of trade and trade policy as drivers of regional integration and prosperity in an era of economic uncertainty.
6. Promoting trade facilitation, paperless trade and electronic commerce for achieving the Sustainable Development Goals.
7. Investment and enterprise development for sustainable development.
8. Consideration of the future focus of the trade and investment subprogramme:
   (a) Proposed strategic framework for the period 2020–2021;
   (b) Private sector engagement.
9. Consideration of draft resolutions for submission to the Commission at its seventy-fourth session.
10. Other matters.
11. Adoption of the report.

E. Back-to-back events

72. The following events were organized in conjunction with the fifth session of the Committee either as preliminary events or as side events to the fifth Asia-Pacific Trade and Investment Week:

(a) 30 October 2017: Regional consultation on e-commerce for sustainable development;

(b) 30 October 2017: Reshaping business engagement for achieving the Sustainable Development Goals;

(c) 30 October 2017: Launch of the *Asia-Pacific Trade and Investment Report 2017: Channelling Trade and Investment into Sustainable Development*;

(d) 1 November 2017: Youth and the digital economy;

(e) 2 November 2017: High-level Policy Dialogue on Safeguarding the Multilateral Trading System for Sustainable Development;

(f) 2–3 November 2017: 7th meeting of the Asia-Pacific Foreign Direct Investment Network;

(g) 2–3 November 2017: ESCAP-Enhanced Integrated Framework capacity-building workshop on emerging priorities in least developed countries on trade and development.

Annex

List of documents

Symbol	*Title*	*Agenda item*
General series		
E/ESCAP/CTI(5)/1 and E/ESCAP/CTI(5)/1/Corr.1	Summary of the Asia-Pacific Trade and Investment Report 2017	4 (a) and (b)
E/ESCAP/CTI(5)/2 and E/ESCAP/CTI(5)/2/Corr.1	Reviewing the role of trade and trade policy as drivers of regional integration and prosperity in an era of economic uncertainty	5
E/ESCAP/CTI(5)/3	Promoting trade facilitation, paperless trade and electronic commerce for achieving the Sustainable Development Goals	6
E/ESCAP/CTI(5)/4	Investment and enterprise development for sustainable development	7
E/ESCAP/CTI(5)/5	Effectively engaging the business sector in achieving the sustainable development agenda: the role of the ESCAP Sustainable Business Network and the Asia-Pacific Business Forum	8 (b)
Limited series		
E/ESCAP/CTI(5)/L.1	Annotated provisional agenda	3
E/ESCAP/CTI(5)/L.2	Draft report	11
Information available online		
www.unescap.org/events/committee-trade-and-investment-fifth-session	Information for participants	
www.unescap.org/events/committee-trade-and-investment-fifth-session	List of participants	
www.unescap.org/events/committee-trade-and-investment-fifth-session	Tentative programme	